

(ii) Assume all or some of the cognizant agency responsibilities (see paragraph (a)(2) of this section), as deemed necessary.

(4) For other State and local governments, institutions of higher education, and other nonprofit institutions, receive and distribute copies of single audit reports to appropriate DoD Components for appropriate action and followup by designated program officials.

(5) For audit reports that contain conditions affecting DoD programs, institute followup efforts to ensure that corrective actions have been taken by DoD organizations responsible for managing associated programs or funds.

(b) The Heads of the DoD Components shall:

(1) Designate an official to coordinate with the IG, DoD, on matters dealing with audits of financial assistance provided by the DoD Component to State and local governments, institutions of higher education, and other nonprofit institutions.

(2) Ensure input of accurate award data for Federal financial assistance to the appropriate DoD management information system.

(3) Ensure that the State or local government, institution of higher education, or other nonprofit institution takes appropriate actions to correct audit deficiencies involving financial assistance provided by the DoD Component.

(4) For State and local governments, institutions of higher education, and other nonprofit institutions for which the OMB has assigned DoD cognizance, do the following:

(i) Coordinate with the IG, DoD, on requests from other Federal Agencies for audits of State and local governments, institutions of higher education, and other nonprofit institutions, in addition to those required by OMB Circulars A-128 and A-133.

(ii) Seek the views of other interested agencies when a coordinated audit approach is to be used and before completing a coordinated program.

(iii) Help coordinate the audit work and reporting responsibilities among independent public accountants, State auditors, and both resident and non-

resident Federal auditors to achieve the most cost-effective audit.

§ 266.6 Procedures.

The costs of audits made by non-Federal auditors under OMB Circulars A-128 and A-133 are allowable charges to Federal financial assistance programs. The charges may be considered as a direct cost or an allocated indirect cost in accordance with OMB Circulars A-87, A-122 and A-21³; FAR, part 31 (48 CFR part 31); or the DFARS, part 231 (48 CFR part 231). Generally, the percentage of costs charged to Federal assistance programs for an audit shall not exceed the percentage of Federal funds expended to the total funds expended by the recipient during the fiscal year. No cost, however, may be charged to Federal programs for audits not made in accordance with OMB Circulars A-128 and A-133 and other applicable cost principles and regulations.

PART 268—COLLECTING AND REPORTING OF FOREIGN INDEBTEDNESS WITHIN THE DEPARTMENT OF DEFENSE

Sec.

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268.8 Flash report of major foreign debt arrears.

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AUTHORITY: Federal Claims Collection Act of 1966 (31 U.S.C. 951-953); Arms Export Control Act, sec. 23.

SOURCE: 43 FR 11196, Mar. 17, 1978, unless otherwise noted.

§ 268.1 Purpose.

This part establishes standard procedures to be used for the collecting and reporting of foreign indebtedness. Such indebtedness may arise through the (a) sale of Defense articles and services pursuant to the Arms Export Control Act; (b) operation of military missions;

³See footnote 1 to § 266.1(b).

§ 268.2

and (c) logistical support provided under country-to-country agreements.

§ 268.2 Applicability.

The provisions of this part apply to the Office of the Secretary of Defense, the Military Departments, and the Defense Agencies (hereafter referred to as "DoD Components").

§ 268.3 Policy.

It is the policy of the Department of Defense that timely and aggressive collection efforts will be conducted to assure that foreign arrearages to DoD Components are held to the absolute minimum. Foreign indebtedness will be uniformly and accurately reported to the Department of the Treasury on forms prescribed by the Treasury Fiscal Requirements Manual. The information system on the status of collection actions will support the information requirements of the National Advisory Council on International Monetary and Financial Policies (NAC).

§ 268.4 Responsibilities.

(a) The assistant Secretary of Defense (Comptroller) is the DoD point of contact for matters concerning foreign indebtedness requirements imposed on DoD from outside the Department, such as by the Congress, Treasury Department, and NAC.

(b) The Defense Security Assistance Agency (DSAA) is responsible for consolidation of feeder arrearage reports and submission of a single consolidated DoD arrearage report to the Treasury Department. The DSAA shall (1) monitor collection actions; (2) follow up when initial collection actions have been unsuccessful; and (3) serve as the focal point within DoD for responding to NAC information requests.

(c) Unless otherwise directed, the DoD Component which makes the sale, or is otherwise assigned responsibility, is responsible for taking initial collection action, accounting for indebtedness, preparation of feeder arrearage reports, and providing copies of arrearage reports to the DSAA.

§ 268.5 Collection and followup procedures.

Each DoD Component is responsible for taking timely and aggressive bill-

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ing and followup collection actions for each category of indebtedness incurred by official and private obligors pursuant to authorized programs.

§ 268.6 Reporting of accounts receivable and sales under 120 days delayed payment terms (short-term credit).

(a) *General.* (1) Amounts payable to DoD Components for sales of Defense articles and services on terms which require payment of cash in advance of delivery/performance or within 60 days thereof will be classified as accounts receivable. Military Departments shall submit reports to the DSAA of foreign indebtedness related to those sales.

(2) Sales made by DoD Components under existing cases which provide for 120-day payment terms shall be classified as short-term credit sales. Similarly, those sales made after September 30, 1976, under special emergency appropriations which provide for payments 120 days after delivery of articles or services will also be classified as short-term credit sales. DoD Components shall submit reports to the DSAA of these short-term credit sales.

(3) Foreign indebtedness to DoD Components for logistical support, mission support costs, and other programs is payable upon presentation of the appropriate billing documents. Reports of foreign indebtedness related to these programs will be submitted to the DSAA.

(b) *Basis for reporting.* Amounts to be reported will be determined by analyzing unpaid bills using the criteria and definitions contained in § 268.9.

§ 268.7 Collecting and reporting of foreign debts under long-term loans and debts.

The DSAA is responsible for administering FMS long-term loans and credit programs authorized by Section 23 of the Arms Export Control Act, and likewise is responsible for determining foreign indebtedness against these programs. Debts remaining uncollected 90 days after the due date will be referred to the State Department for diplomatic assistance to effect settlement.